



November 7, 2013

Frank A. James, III
President
Biblical Theological Seminary
200 North Main Street
Hatfield, Pennsylvania 19440

Sent via UPS
Tracking No.
1ZA879640194694462

RE: **Final Program Review Determination**
OPE ID: 02323000
PRCN: 201320328233

Dear Dr. James:

The U.S. Department of Education's (Department's) School Participation Division – Philadelphia issued a program review report on June 24, 2013 covering Biblical Theological Seminary's (Biblical Seminary) administration of programs authorized by Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 et seq. (Title IV, HEA programs). Biblical Seminary's final response was received on August 16, 2013. A copy of the program review report (and related attachments) and Biblical Seminary's response are attached. Any supporting documentation submitted with the response is being retained by the Department and is available for inspection by Biblical Seminary upon request. Additionally, this Final Program Review Determination (FPRD), related attachments, and any supporting documentation may be subject to release under the Freedom of Information Act (FOIA) and can be provided to other oversight entities after this FPRD is issued.

Purpose:

A final determination has been made concerning the outstanding finding of the program review report and the purpose of this letter is to close the review.

Protection of Personally Identifiable Information (PII):

PII is any information about an individual which can be used to distinguish or trace an individual's identity (some examples are name, social security number, date and place of birth). The loss of PII can result in substantial harm, embarrassment, and inconvenience to individuals and may lead to identity theft or other fraudulent use of the information. To protect PII, the finding in the attached report does not contain any student PII. Instead, the finding references students only by a student number created by Federal Student Aid. The student numbers were assigned in Appendix A, Student Sample. The appendix was encrypted and sent separately to the institution via e-mail.

Record Retention:

Program records relating to the period covered by the program review must be retained until the later of: resolution of the loans, claims or expenditures questioned in the program review; or the end of the retention period otherwise applicable to the record under 34 C.F.R. §§ 668.24(c)(1), (c)(2), and (c)(3).

The Department expresses its appreciation for the courtesy and cooperation extended during the review. If the institution has any questions regarding this letter, please contact Jean Brennan Rines at 215-656-6906. Questions relating to any appeal of the FPRD should be directed to the address noted in the Appeal Procedures section of this letter.

Sincerely,

(b)(6); (b)(7)(C)

Division Director

Enclosure:

Protection of Personally Identifiable Information

cc: Virginia Hartman, Financial Aid Administrator
Middle States – Higher Education
Association of Theological Schools in the US and Canada
Pennsylvania Department of Education

Prepared for
**Biblical Theological
Seminary**

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OPE ID: 02323000
PRCN: 201320328233

Prepared by
U.S. Department of Education
Federal Student Aid
School Participation Division - Philadelphia

Final Program Review Determination November 7, 2013

The Wanamaker Building
100 Penn Square East
Suite 511
Philadelphia, PA 19107
StudentAid.gov

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A. Institutional Information

Biblical Theological Seminary
200 North Main Street
Hatfield, Pennsylvania 19440-2421

Type: Private, Nonprofit

Highest Level of Offering: Masters and Doctorate Degrees

Accrediting Agency: Middle States – Higher Education
Pennsylvania Department of Education

Current Student Enrollment: 287 (2012-2013 award year)

% of Students Receiving Title IV, HEA funds: 23% (2012-2013 award year)

Title IV, HEA Program Participation, G5:

2011-2012 Award Year	
Federal William D. Ford Direct Loan Program	\$30,604.00

Default Rate FFEL/DL: 2010: 0%
 2009: 0%
 2008: 0%

B. Scope of Review

The U.S. Department of Education (the Department) conducted a program review at Biblical Theological Seminary (Biblical Seminary) from March 27-28, 2013 and April 10, 2013. The review was conducted by Jean Brennan Rines and Diane Sarsfield.

The focus of the review was on Biblical Seminary's administration of Title IV, HEA program funds awarded to students enrolled in its graduate programs. Biblical Seminary self-reported that William D. Ford Direct Loans had been originated and disbursed for one student who did not meet the regulatory definition of a graduate student. As a result, the Department's review consisted of an examination of Biblical Seminary's William D. Ford Federal Direct Loan Program records.

Biblical Seminary identified 130 students from the 2009-2010; 2010-2011; 2011-2012; and 2012-2013 (year to date) award years. These files represented 100% of the total population receiving Title IV, HEA program funds for each award year. Appendix A lists the names and social security numbers of the students whose files were examined during the program review.

Disclaimer:

Although the review was thorough, it cannot be assumed to be all-inclusive. The absence of statements in the report concerning Biblical Seminary's specific practices and procedures must not be construed as acceptance, approval, or endorsement of those specific practices and procedures. Furthermore, it does not relieve Biblical Seminary of its obligation to comply with all of the statutory or regulatory provisions governing the Title IV, HEA programs.

C. Findings and Final Determinations

The program review report finding requiring further action is summarized below. At the conclusion of the finding is a summary of Biblical Seminary's response to the finding, and the Department's final determination for that finding. A copy of the program review report issued on June 24, 2013 is attached as Appendix B.

Note: Any additional costs to the Department, including interest, special allowances, cost of funds, unearned administrative cost allowance, etc., are not included in individual findings, but instead are included in the summary of liabilities table in Section D of the report.

Finding 1: Ineligible Students

Citation Summary: A graduate or professional student is defined as a student who:

1. Is not receiving Title IV aid as an undergraduate student for the same period of enrollment;
2. Is enrolled in a program or course above the baccalaureate level or is enrolled in a program leading to a professional degree; and
3. Has completed the equivalent of at least three years of full-time study either prior to entrance into the program or as part of the program itself. 34 C.F.R. § 668.2 (Graduate Definition).

Noncompliance Summary: Biblical Seminary awarded Federal William D. Ford Direct Loans (Direct) to students who did not meet the regulatory definition of a graduate student.

During the on-site visit, school officials stated that they apply a standard of 72 credits (12 credits per term/24 credits per academic year) as the equivalent of three years full-time study to determine a student's eligibility for admission as a graduate student. The review team identified five students who completed less than 72 credits prior to their admission to into the graduate programs at Biblical Seminary.

Required Action Summary: During the on-site visit, the review team examined 100% of the files to determine each student's academic history prior to their admission into the graduate programs at Biblical Seminary. The program review report did not require any specific corrective actions but provided Biblical Seminary an opportunity to submit additional information to be considered by the Department prior to issuing a final determination.

Biblical Seminary's Response Summary: In its August 16, 2013 response to the program review, Biblical Seminary stated that each of the students cited in the report was admitted as a graduate student in full compliance with the standards and regulatory specification of the principal accrediting agency, the Association of Theological Schools (ATS).

ATS regulation and rule for admission states, *“Students must possess a baccalaureate degree from an institution of higher education accredited by a U.S. agency recognized by the Council for Higher Education, or approved by a Canadian provincial quality assurance agency, or the demonstrated education equivalent of a North American baccalaureate degree.”*

In its response, Biblical Seminary stated that each of the graduate students cited in the report was admitted under the “exception clause” of the standards established by ATS. This “exception clause” permits acceptance of students without a Bachelor’s degree so long as the number of students does not exceed 15% of entering students. Biblical Seminary stated exceptions to the baccalaureate degree requirement are granted only after an evaluation of the candidate’s academic history, work history and ministry qualifications by the program recruiter, program director and the Vice President for Student Advancement.

Biblical Seminary also submitted an updated policy to identify students admitted without an undergraduate degree in the school-wide computer software system.

In addition, Biblical Seminary noted two minor exceptions in the factual data as stated in the program review report: (1) student #120 was awarded an unsubsidized Direct Loan. This loan was identified as a subsidized Direct Loan in the report; (2) student #126 was awarded a \$8,490.00 subsidized Direct Loan. This loan was identified as an \$8,500.00 subsidized Direct Loan in the report.

Final Determination: The Department reviewed Biblical Seminary’s program review response and has based its final determination on the information Biblical Seminary provided. While the Department acknowledges that Biblical Seminary has the discretion to establish equivalency guidelines for accepting a limited number of students who do not possess a baccalaureate degree into its graduate programs; the Seminary must be mindful that students admitted under the “exception clause” may not meet the Title IV regulatory definition of a graduate student.

Indeed, the five students cited in the program review report failed to meet the regulatory definition of a graduate student for Title IV purposes because they did not meet complete the equivalent of 3 academic years of full-time study, or 72 credits, prior to their admission to Biblical Seminary. Consequently, these students were not eligible for Title IV aid.

The Department has estimated the actual loss it will incur as a result of the Title IV loans disbursed to the ineligible students. The estimated actual loss that Biblical Seminary must pay to the Department for the disbursements to ineligible students is \$996.41. A copy of the results of that calculation is included as Appendix D.

Also, the Department acknowledges and has revised the two minor exceptions for students #120 and 126 as noted in the institution’s response to the program review report.

D. Summary of Liabilities:

The total amount calculated as liabilities from the finding in the program review determination is as follows:

Liabilities	Direct Loan	Estimated Loss – Direct Loan
Finding 1	\$131,821.00	\$996.41
Subtotal	\$131,821.00	\$996.41
Interest/SA		
Finding 1	\$0.00	\$0.00
TOTAL	\$131,821.00	\$996.41
Payable To:		
Department	\$131,821.00	\$996.41

In lieu of requiring the institution to assume the risk of default by purchasing the ineligible loan from the holder, the Department has asserted a liability not for the loan amount, but rather for the estimated actual or potential loss that the government may incur with respect to the ineligible loan or loan amount. The estimated actual loss to the Department that has resulted or will result from those ineligible loans is based on Biblical Seminary's most recent cohort default rate available.

The total amount of Direct Loan that Biblical Seminary improperly disbursed during the 2009-2010; 2010-2011; and 2011-2012 award years for finding 1 is \$131,821.00. The estimated actual loss that Biblical Seminary must pay to the Department for the ineligible loans is \$996.41. A copy of the results of that calculation is included as Appendix D.

E. Payment Instructions

The total liability amount owed to the Department is minimal. Therefore, a receivable is not being established with the Department's Accounts Receivable Group. Biblical Seminary must ensure that it has corrected its procedures so that this type of finding does not recur or is not repeated.

F. Appendices

Appendix A, Student Sample, contains personally identifiable information and will be emailed to Biblical Seminary as an encrypted WinZip file using Advanced Encryption Standard, 256-bit. The password needed to open the encrypted WinZip file(s) will be sent in a separate email.

Appendix A is attached to this report.